BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

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In Re: Delete Delete Delete	)	**GN Docket No. 25-133**
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COMMENTS OF DQE COMMUNICATIONS LLC

On behalf of **DQE Communications LLC** ("DQE"), we respectfully submit these comments to the Federal Communications Commission ("Commission") in the above referenced proceeding.

As set forth in its Public Notice, the Commission is seeking to follow President Trump's lead to ensure administrative agencies "are efficiently delivering great results for the American people. … Specifically, we are seeking public input on identifying FCC rules for the purpose of alleviating unnecessary regulatory burdens."[1] DQE welcomes this opportunity, and we are focused on improving fiscal efficiency within the E-Rate Program.

DQE is a telecommunications and information services provider serving an exclusively commercial customer base, offering internet service, lit connectivity services (ethernet and wavelength) and telecommunications services via its fiber-optic network to enterprise, government, healthcare, education and telecommunications customers in a four-state area. DQE is a significant provider of E-Rate services to schools and libraries, serving roughly 66 accounts and connecting approximately 250

[1] Federal Communications Commission, Public Notice, *In Re: Delete, Delete, Delete*, DA 25-219, Released March 12, 2025 ("Public Notice").

individual facilities. As such, we have extensive experience with the administration and effectiveness of this program.

The purpose of the E-Rate program is to "help schools and libraries obtain affordable broadband."[2] This goal is accomplished by subsidizing the cost of broadband through Universal Service Fund ("USF") dollars, at a subsidy level between 20 and 95 percent, depending on the size, location and community income level of the recipient institution.[3] This vital subsidy helps schools and libraries – especially those serving low-income and rural communities – to stretch their scarce local dollars to provide the best educational opportunity for those they serve.

It is well-known and much discussed that the USF itself is in crisis. By statute, USF funds are used to subsidize high-cost rural service, Lifeline services, E-Rate and rural telehealth initiatives. These are worthy goals, but balanced on a shrinking revenue base of interstate telecommunications services. The contribution factor for the 2nd quarter of 2025 will be 36.6.[4] "Contribution factor" is a convenient bureaucratic euphemism for a sales tax — a gigantic, unsustainable sales tax. While DQE wishes to see substantial USF reform, we believe that will require statutory revisions that are outside the sole administrative purview of the Commission.[5] The Commission should continue to press Congress to reform this tax structure stuck in the ancient technological landscape of 1996. We do believe the Commission has the regulatory power to eliminate one particularly absurd application of USF fees.

[2] Federal Communications Commission, *E-Rate – Schools and Libraries USF Program*, www.fcc.gov/general/e-rate-schools-libraries-usf-program. Viewed March 20, 2025.

[3] 47 C.F.R. §54.505.

[4] Federal Communications Commission, *Contribution Factor & Quarterly Filings - Universal Service Fund (USF) Management Support*, https://www.fcc.gov/general/contribution-factor-quarterly-filings-universal-service-fund-usf-management-support#:~:text=Managing%20Director-,Contribution%20Factor%20%26%20Quarterly%20Filings%20%2D%20Universal%20Service%20Fund%20(USF),is%200.366%2C%20or%2036.6%20percent, Viewed March 20,2025.

[5] 47 U.S.C §254 (c).

USF funds are generated by payments from carriers deemed to be providing "interstate telecommunications services" to customers[6]. At a current taxable rate of 36.6%, DQE and all similarly situated carriers inevitably must pass this tax onto our customers as permitted by FCC rules.[7] Many of the services provided at a heavily subsidized rate under the E-Rate Program (such as interstate circuits and transport circuits connecting schools and libraries to the internet) are deemed to be "interstate telecommunications services" subject to the USF levy applied to the recipients' direct payments.

Here lies the paradoxical loop that only a bureaucrat would love: The Federal government uses USF funds to provide heavy discounts for E-Rate services, then levies a 36.6% tax against those same schools and libraries, all in the name of funding USF so it can be used in part to provide the subsidies to the schools that have been overcharged. The Commission can and should act to eliminate this ridiculous Catch-22 situation by exempting all E-Rate services from the USF levy.

The goal of President Trump, as stated in the Executive Order establishing the Department of Governmental Efficiency ("DOGE"), is to "maximize governmental efficiency and productivity."[8] Eliminating this endless loop of the federal government essentially taxing itself would be a great accomplishment in this effort. We respectfully ask the Commission to make this common-sense change.

DQE COMMUNICATIONS LLC

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[6] 47 C.F.R. §54.706.

[7] 47 C.F.R. §54.712.

[8] Executive Order, *Establishing and Implementing the President's "Department of Governmental Efficiency",* President Donald J. Trump, January 20, 2025.